

State of affairs

Other than as mentioned elsewhere, in the opinion of the Directors, there were no other significant changes in the underlying state of affairs of the Group that occurred during the year.

Likely developments

The Group has scheduled performances of symphonic and other orchestral music, which it will continue to present during the next financial year. The Group's continuing viability is dependent on maintaining its current level of funding, especially government funding. The Group has the intention to continue with international touring in 2013 and has recently announced a tour to Russia and Europe.

Dividends

No dividends have been paid by the Group.

Events subsequent to balance date

No events have occurred subsequent to balance date and up to the date of this report that materially affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Environmental regulations and performance

The Group is not subject to any particular or significant environmental regulation.

Directors' Meetings

The number of meetings of the Board of Directors and of the Board Committees during the financial year are set out in the table as follows;

<i>Meeting Type</i>	Board		Finance Audit & Risk		Nomination & Remuneration	
	A	B	A	B	A	B
Number of Meetings Attended (A)						
Number of Meetings Eligible (B)						
John Conde AO - Note 1	6	6	-	-	2	2
Rory Jeffes – Note 1	5	6	4	-	2	-
Terrey Arcus AM	4	6	-	-	2	2
Ewen Crouch AM	6	6	4	4	-	-
Ross Grant	5	6	1	2	-	-
Jennifer Hoy	6	6	-	-	-	-
Andrew Kaldor AM	6	6	4	4	-	-
Irene Lee	5	6	-	-	-	-
Goetz Richter	6	6	-	-	2	2
David Livingstone	6	6	4	4	-	-
David Smithers AM	2	2	2	2	-	-

Note 1- Both the Chairman of the Board and the Managing Director and the Director of Finance attend meetings of the Finance Audit and Risk Committee by invitation. All other directors who are not committee members and the external auditors may attend the meetings of the Finance Audit and Risk Committee at their discretion.

Directors' Remuneration

Directors are not paid any fees for their services as Directors of the Group.
Details of directors' remuneration are disclosed in Note 21.

Indemnification and insurance of Officers

Information on the indemnification and insurance of officers can be found in Note 25.

Auditor's Independence Declaration

The Auditor's Independence Declaration forms part of the Directors Report, and is set out on page 10.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink that reads "John Conde". The signature is written in a cursive style with a long horizontal stroke at the end.

John Conde AO
Chairman

Sydney, dated 28th March 2013

Corporate Governance Statement

This statement outlines the Group's corporate governance practices and addresses the Essential Governance Practice Principles published and monitored by the Australia Council for the Arts. These principles are based on the recommendations published by the ASX Corporate Governance Council. As at 31 December 2012, the Group has achieved substantial compliance with the recommendations as outlined below;

Principle 1: Lay Solid Foundations for Management and Oversight

The Group's Governance Framework incorporates Board and Board Committee Charters and a Code of Conduct. There is also a formal statement of delegated authority to management and an induction procedure for new directors.

A Board agenda is set at the start of the year and includes meetings for the Board to determine group strategy, five-year business plans, and the programme for the following season, the budget for the following year and the Group's annual risk review.

Principle 2: Structure the Board to Add Value

The Board includes Directors with a range of skills including finance and accounting, business (both public companies and private business) and commercial experience, public affairs, law, performance of orchestral music and music education. This experience is set out in their biographies.

The Board is supported by a Finance, Audit and Risk Committee (refer Principle 5) and a Nomination and Remuneration Committee, each of which has an individual charter setting out its responsibilities and operating principles.

The Nomination and Remuneration Committee has a number of responsibilities including reviewing, evaluating and making recommendations to the Board with regard to the election and re-election of Members, Directors and Sydney Symphony Councillors, and executive remuneration.

The Nomination and Remuneration Committee also advises the Board on the process for the Board performance review, reviews the performance of the Chief Conductor, Managing Director and senior management and establishes policies for recruitment, retention and succession planning for senior management.

Principle 3: Promote Ethical and Responsible Decision Making

The Group's Governance Framework includes a Code of Conduct, Delegations of Authority, Board and Committee charters, Risk Management policies as well as clearly defined roles and responsibilities for key appointments.

Principle 4: Promote Diversity

The group aims to be an organisation that fosters an organisational culture that embraces diversity. "Diversity" includes, but is not limited to, gender, age, ethnicity, disability and cultural background. During the course of the current year, further work on the diversity action plan will be finalised with measurable objectives designed to enhance our commitment to promote diversity in the workplace. Progress against this plan will be incorporated in the Annual Report for the year ending 31 December 2013.

Principle 5: Safeguard Integrity in Financial Reporting (both internal and external)

The Finance, Audit and Risk Committee meets at least quarterly and its functions include:

- Reviewing and reporting to the Board on quarterly and annual financial statements
- Making recommendations regarding the appointment, evaluation and removal of the Group's external auditor and reviewing and reporting to the Board on the adequacy, scope and quality of the annual statutory audit and on the integrity and reliability of the financial statements
- Reviewing the effectiveness of the Group's internal control environment, including the effectiveness of internal control procedures
- Monitoring and reviewing the reliability of financial reporting
- Monitoring and reviewing the compliance of the Group with applicable laws and regulations

- Monitoring the scope of any key control reviews and approving the engagement of qualified consultants to complete specified reviews
- Monitoring and reviewing the financial management and position of the Group.

The Finance, Audit and Risk Committee meets with the external auditors at least once per year.

The Committee requires the Managing Director and Director of Finance to attest in writing that the Group's financial reports present a true and fair view of the Group's financial condition and operational results and are in accordance with relevant accounting standards.

This statement is requested at the time of the consideration and approval of the Statutory Accounts. It is reviewed by the Finance, Audit and Risk Committee prior to its consideration by the Board.

The Committee consists of up to four Directors and, by invitation, the Chairman of the Board, the Managing Director and the Director of Finance and includes members with appropriate audit, finance and risk management skills.

Principle 6: Recognise the Legitimate Interests of Stakeholders

The Group has numerous stakeholders and a calendar is maintained in order to monitor requirements and reporting obligations. The calendar is approved by the Board, which oversees compliance with stakeholder reporting and associated obligations.

The Group has a set of Workplace Health & Safety (WHS) manuals, which provide legislative and procedural guidance to ensure that the Group's responsibilities continue to be met. There is a comprehensive, regular training programme, including first aid and WHS committee training. Group policies and procedures are reviewed in consultation with staff representatives. Directors are briefed on WHS policies and procedures and review the company WHS plan annually. Appropriate site visits are also made by the directors.

Principle 7: Recognise and Manage Risk

Quarterly updates of the Group's risk register are undertaken by management and presented to the Finance, Audit and Risk Committee. Management undertakes annual workshops to identify further risks and develop a Risk Management Plan. The output of the workshops is reviewed by this Committee and the Board.

Principle 8: Remunerate Fairly and Responsibly

The Nomination and Remuneration Committee meets at least annually to review the Group's remuneration strategies and policies. The Committee sets the parameters within which senior management negotiates musician and administration Staff Agreements. The Committee approves all senior management remuneration arrangements.

Signed on behalf of the Board of Directors



John Conde AO
Chairman

Sydney, dated 28th March 2013

Auditor's Independence Declaration to the Directors of Sydney Symphony Limited and its controlled entity

In relation to our audit of the financial report of Sydney Symphony Limited for the financial year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Lisa Nijssen-Smith
Partner
28 March 2013

Sydney Symphony Limited
A.B.N. 50 121 561 528

Income Statement for the period ended 31 December 2012

	Notes	2012 Consolidated \$	2011 Consolidated \$
Revenue			
Funding revenue	4	13,538,957	13,259,864
Ticket sales	5	16,452,892	16,507,920
Sponsorship and general donations	6	4,015,763	3,738,258
Maestro's Circle donations		230,000	256,000
Instrument Reserve donations		63,905	500,000
Other income	7	3,002,045	3,537,520
Total revenue		37,303,562	37,799,562
Expenses			
Employee expenses	8	20,964,146	20,125,282
Artist fees and expenses		5,420,872	4,771,272
Marketing expenses		3,093,005	3,509,400
Production expenses		4,638,541	5,184,916
Depreciation and amortisation	8	378,639	338,010
Other expenses		2,382,746	2,348,286
Total expenses		36,877,949	36,277,166
Net profit/(loss) for the year		425,613	1,522,396
Income tax expense	9	-	-
Profit/loss after income tax		425,613	1,522,396

The Income Statement should be read in conjunction with the notes to the financial statements.

Sydney Symphony Limited
 A.B.N. 50 121 561 528
Statement of Comprehensive Income
 for the period ended 31 December 2012

		2012	2011
	Notes	Consolidated	Consolidated
		\$	\$
Profit/(loss) after income tax		425,613	1,522,396
Other comprehensive income			
Cash flow hedges:			
Gain/(loss) taken to equity	24	40,006	13,342
Income tax on items of other comprehensive income			-
Total comprehensive income		465,619	1,535,738

The Statement of Comprehensive Income should be read in conjunction with the notes to the financial statements.

Sydney Symphony Limited
A.B.N. 50 121 561 528
Balance Sheet as at 31 December 2012

	Notes	2012 Consolidated \$	2011 Consolidated \$
Current Assets			
Cash and cash equivalents		3,962,217	4,051,660
Term deposits		8,170,865	9,608,627
Other financial assets	10	81,145	93,190
Trade and other receivables	11	1,376,880	1,562,426
Prepayments		434,675	153,209
Total Current Assets		14,025,782	15,469,112
Non-Current Assets			
Property, plant and equipment	12	2,591,170	2,108,358
Intangible assets	13	267,723	57,669
Other financial assets	10	494,857	361,415
Term deposits		8,250,000	7,585,000
Total Non-Current Assets		11,603,750	10,112,442
Total Assets		25,629,532	25,581,554
Current Liabilities			
Trade and other payables	14	2,265,607	2,747,520
Prepaid revenue	15	7,825,144	7,822,709
Provisions	16	4,065,610	3,958,976
Deferred revenue		85,714	85,714
Derivative financial Instruments	24	19,848	48,441
Total Current Liabilities		14,261,923	14,663,360
Non-Current Liabilities			
Provisions	16	757,326	676,403
Derivative financial instruments	24	-	11,413
Deferred revenue		335,715	421,429
Total Non-Current Liabilities		1,093,041	1,109,245
Total Liabilities		15,354,964	15,772,605
Net Assets		10,274,568	9,808,949
Equity			
Symphony Reserve	17	1,943,743	1,943,743
International Touring Reserve	18	661,180	958,911
Instrument Reserve	19	111,897	666,270
Maestro's Circle Reserve	20	-	457,032
Cash Flow Hedge Reserve	24	(19,848)	(59,854)
Retained Earnings		7,577,596	5,842,847
Total Equity		10,274,568	9,808,949

The Balance Sheet should be read in conjunction with the notes to the financial statements.

Sydney Symphony Limited

A.B.N. 50 121 561 528

Statement of Changes in Equity as at 31 December 2012

Consolidated		Retained	Symphony	International	Cash Flow	Instrument	Maestro's Circle	Total
	Notes	Earnings	Reserves	Touring Reserve	Hedge Reserve	Reserve	Reserve	Equity
		\$	(Note 17)	(Note 18)	(Note 24)	(Note 19)	(Note 20)	\$
As at 1 January 2012		5,842,847	1,943,743	958,911	(59,854)	666,270	457,032	9,808,949
Net (loss)/profit for the year		425,613						425,613
Other comprehensive income					40,006			40,006
Transfer from/(to) Symphony Reserve	17							-
Transfer from/(to) International Touring Reserve	18	297,731		(297,731)				-
Transfer from/(to) Instrument Reserve	19	(95,940)				95,940		-
Transfer from/(to) Instrument Reserve	19	650,313				(650,313)		-
Transfer from/(to) Maestro's Circle Reserve	20	457,032					(457,032)	-
As at 31 December 2011		7,577,596	1,943,743	661,180	(19,848)	111,897	-	10,274,568

Consolidated		Retained	Symphony	International	Cash Flow	Instrument	Maestro's Circle	Total
	Notes	Earnings	Reserves	Touring Reserve	Hedge Reserve	Reserve	Reserve	Equity
		\$	(Note 17)	(Note 18)	(Note 24)	(Note 19)	(Note 20)	\$
As at 1 January 2011		4,970,933	1,892,042	896,658	(73,196)	131,286	455,488	8,273,211
Net (loss)/profit for the year		1,522,396						1,522,396
Other comprehensive income					13,342			13,342
Transfer from/(to) Symphony Reserve	17	(51,701)	51,701					-
Transfer from/(to) International Touring Reserve	18	(62,253)		62,253				-
Transfer from/(to) Instrument Reserve	19	(500,000)				500,000		-
Transfer from/(to) Instrument Reserve	19	(34,984)				34,984		-
Transfer from/(to) Maestro's Circle Reserve	20	(256,000)					256,000	-
Transfer from/(to) Maestro's Circle Reserve	20	254,456					(254,456)	-
As at 31 December 2011		5,842,847	1,943,743	958,911	(59,854)	666,270	457,032	9,808,949

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Sydney Symphony Limited
A.B.N. 50 121 561 528

Cash Flow Statement for the period ended 31 December 2012

	Notes	2012 Consolidated \$	2011 Consolidated \$
Cash flows from operating activities			
Cash receipts from box office and sponsors		20,928,611	21,729,838
Cash receipts from bequests		-	51,701
Cash receipts general donations		1,672,743	1,977,803
Cash payments to suppliers and employees		(37,160,845)	(34,606,040)
Grants received from government funding bodies		13,538,957	13,259,864
Interest received		1,351,232	1,357,919
Net cash provided by/(used in) operating activities		330,698	3,771,085
Cash flows from financing activities			
Employee instrument loans granted		(217,550)	(45,491)
Proceeds from repayments on employee instrument loans		96,153	108,649
Net Cash flows used in financing activities		(121,397)	63,158
Cash flows from investing activities			
Payments for property, plant and equipment		(756,977)	(209,287)
Payments for intangible assets		(314,529)	(4,850)
Redemption/Investment in Term deposits		772,762	(3,108,627)
Net cash flows used in investing activities		(298,744)	(3,322,764)
Net (decrease)/increase in cash held		(89,443)	511,479
Cash and cash equivalents at beginning of financial year		4,051,660	3,540,181
Cash and cash equivalents at end of year		3,962,217	4,051,660

The Cash Flow Statement should be read in conjunction with the notes to the financial statements.

1. CORPORATE INFORMATION

The financial report of the Group for the year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 28th March 2013.

Sydney Symphony Limited (the parent) is a public company limited by guarantee, incorporated and domiciled in Australia. The address of the registered office is 35 Harrington Street Sydney, NSW 2000. The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards – Reduced Disclosure Requirements, and other authoritative pronouncements of the Australian Accounting Standards Board. The consolidated financial report has also been prepared on a historical cost basis except for derivative financial instruments which have been measured at fair value. The consolidated financial report is prepared in Australian dollars.

At 31 December 2012, the Group was in a net current liability position of \$236,141. This has arisen due to the classification of prepaid revenue of \$7.8m as current liabilities, for which no cash outflow is required for settlement. Furthermore, the Group has sufficient non-current term deposits of \$8.25 million at 31 December 2012 to finance its liabilities as and when they fall due. As a result, the financial report has been prepared on a going concern basis.

Statement of compliance

The Group is a not for profit private sector entity. Therefore, the Group has elected to present Tier 2 General Purpose Financial Statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB-RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), and the Corporations Act 2001.

Financial risk management objectives and policies

The Group's principal financial instruments consist of cash and term deposits, receivables and payables. The Group manages its exposure to key financial risks, including interest rate and currency risk, in accordance with the Group's financial risk management policy. The disclosures are included under the relevant notes to the financial statements.

The Group enters into derivative transactions, principally forward currency contracts, to manage the currency risk arising from the Group's operations. The Board reviews and agrees policies for managing foreign currency risk which arises from transactional currency exposures due to sales or purchases by the controlled entity in currencies other than the functional currency. It is the Group's policy not to enter into forward foreign currency contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged item to maximise hedge effectiveness. The Group trades derivative products only with recognized credit worthy third parties with an equivalent S&P credit rating of AA or higher.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation

The consolidated financial statements consist of the financial statements of Sydney Symphony Limited and its subsidiary as at 31 December 2012.

The financial statements of its subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

b) Going concern

The ability of the Group to maintain its operations is dependent inter alia on the continuing support of various Governments by way of grants. The Tripartite Agreement was renewed for the period 2012 – 2014 with Australia Council for the Arts and Arts NSW. Funding for this three year period has been confirmed, subject to the company continuing to meet the requirements of the Tripartite Agreement. Therefore, the financial statements have been prepared under the going concern principle.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed are net of goods and services tax (GST). Revenue is recognised for the major business activities as follows:

i. Contribution income

Contribution income represents the fair value of assets received in excess of the cost of the assets where there is a non-reciprocal transfer and is recognised as income once the asset is controlled by the Company.

ii. Funding revenue

Funding revenue is received from the Australia Council for the Arts (as represented by The Major Performing Arts Board) and Arts NSW. Funding is received based on payment schedules contained in a funding agreement between the funding bodies and the Group's controlled entity and is recognised in the calendar year for which it is intended under the terms of the agreement due to the conditional nature of the funding. Any funding not spent on the planned activities agreed between the parties at the start of each calendar year is required to be repaid.

iii. Ticket sales

Revenue from ticket sales is recognised in the Income Statement at the time of concert performance. Revenue from ticket sales in respect of productions not yet performed is included in the Balance Sheet as prepaid ticket sales under the Current Liabilities heading "Prepaid revenue".

iv. Sponsorship and donations revenue

Sponsorship – Sponsorship cash and in-kind commitments are brought to account as income in the year in which sponsorship benefits are bestowed.

Donations – All donations are brought to account as received.

v. Orchestral hire revenue

Revenue from orchestral hire is recognised as these services are performed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**vi. Interest income**

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Foreign currency translation

Both the functional and presentation currencies of the Group are Australian dollars (A\$). Transactions in foreign currencies are recorded initially in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

e) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The Group's operating subsidiary Sydney Symphony Orchestra Holdings Pty Limited is exempt from income tax, by virtue of being a cultural organisation established for the encouragement of music and a charitable institution. Accordingly no income tax or deferred income tax is provided.

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included gross in the statement of cash flows. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

f) Acquisitions of assets

Acquired assets are accounted for at cost. Cost is measured as the fair value of assets given or liabilities incurred or assumed at the date of exchange plus cost directly attributable to the acquisition.

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**h) Trade and other receivables**

Trade receivables, which generally have 60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Collectability of trade receivables is reviewed continually. Debts that are known to be uncollectible are written off when identified. An allowance for provision for impairment of trade receivables is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment loss is recognised in the income statement within Other Expenses.

i) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Items of plant and equipment, leasehold improvements, computer equipment and musical instruments are depreciated using the straight-line method over their estimated useful lives. Where musical instruments are deemed to appreciate in value, no depreciation is applied. Each class of asset in the current period was depreciated over the following useful lives as set out in the following table:

Asset class	Useful Life
Computer equipment	3 years
Furniture and fittings	Between 6 and 8 years
Plant and equipment	8 years
Musical instruments	Between 5 and 15 years

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the period the asset is derecognised.

j) Intangible assets

Software licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Licences are tested for impairment where an indicator of impairment exists. Amortisation is calculated using the straight line method to allocate the cost over the estimated useful life of 3 years.

k) Impairment

The carrying values of plant and equipment are reviewed for indicators of impairment at each reporting date, with a recoverable amount being estimated when events or changes in circumstances indicate the carrying value may not be recoverable. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. Impairment losses are recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**l) Leased plant and equipment**

Leases of plant and equipment are classified as operating leases as the lessors retain substantially all of the risks and benefits of ownership. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

m) Trade and other payables

Trade payables and other payables are carried at amortised cost. Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade accounts payable are normally settled within 30 days.

n) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required, to settle the obligation, the timing or amount of which is uncertain. Provisions are determined by discounting the expected future cash flows required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Make good provision

The Group provides for costs of restoration or removal in relation to fixed assets when there is legal or constructive obligation. These costs include obligations relating to the dismantling, removal, remediation, restoration and other expenditure associated with fixed assets or site fit-outs.

o) Employee benefits*Wages, salaries and annual leave*

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided up to the reporting date. These are calculated at undiscounted amounts based on compensation rates that the consolidated entity expects to pay, including related on-costs.

Long service benefits

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made, resulting from employees' services provided up to the reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Commonwealth government bonds at balance date which most closely match the terms of maturity of the related liabilities.

Superannuation

The Group contributes to employees' superannuation funds. Contributions are recognised as an expense as they are made. The Group has no ongoing liability for superannuation benefits ultimately payable to employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee loans

Some employees are lent monies which are used in turn to purchase musical instruments. These loans are secured by the instruments themselves and are interest bearing. Amounts outstanding are recouped over time through contributions withheld from musicians' salaries. These are recorded within other financial assets.

p) Changes in accounting policies

All accounting policies have been applied on a consistent basis with those of the previous period.

q) Derivative Financial Instruments and Hedging

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign currency rates on forecasted transactions. The effective portion of the gain or loss on the financial instrument is recognised directly in equity and transferred out of equity when the forecast transaction occurs.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The following critical accounting policies have been identified for which significant judgements, estimates and assumptions are made.

Impairment of non-financial assets

The Group assesses impairment of its non-financial assets at each reporting date by evaluating conditions specific to the Group and to the specific asset. If an impairment trigger exists, the recoverable amount of the asset is determined. Management does not consider that the triggers for impairment existed in this financial period.

Make good provision

A provision has been made for the present value of anticipated costs associated with the future restoration of the leased office premises. The estimate is periodically reviewed and updated. The related carrying amounts are disclosed in note 16.

Estimate of useful lives

The estimation of useful lives of assets is based on historical experience. The condition of assets is assessed periodically and considered in relation to the remaining useful life of the asset. Adjustments are made to useful lives as appropriate.

Sydney Symphony Limited
A.B.N. 50 121 561 528
Notes to the Financial Statements

4. FUNDING REVENUE

	2012	2011
	Consolidated	Consolidated
	\$	\$
Australia Council for the Arts		
Annual Grant	10,326,304	10,101,230
Arts NSW		
Base Funding	3,212,653	3,158,634
	<hr/>	<hr/>
Total funding revenue	13,538,957	13,259,864
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A significant portion of the Group's annual revenue consists of funding from Federal and State governments, through the Australia Council for the Arts and Arts NSW. As a result, the Group has an economic dependency on these entities. The Funding Agreement with the Australia Council for the Arts and Arts NSW was renewed for the period 2012 to 2014 whereby amounts will be provided to Sydney Symphony Limited. As required, amounts received by the Group during the financial year were transferred to the subsidiary, Sydney Symphony Orchestra Holdings Pty Limited, to fund its operations and activities in accordance with the Funding Agreement with the Australia Council for the Arts and Arts NSW.

5. TICKET SALES

	2012	2011
	Consolidated	Consolidated
	\$	\$
Subscriptions	7,926,414	7,312,683
Single night	8,526,478	9,195,237
	<hr/>	<hr/>
Total ticket sales	16,452,892	16,507,920
	<hr/> <hr/>	<hr/> <hr/>

6. SPONSORSHIP AND GENERAL DONATIONS

	2012	2011
	Consolidated	Consolidated
	\$	\$
Sponsorship	2,636,925	2,464,754
General donations	1,378,838	1,273,504
	<hr/>	<hr/>
Total sponsorship and general donations	4,015,763	3,738,258
	<hr/> <hr/>	<hr/> <hr/>

7. OTHER INCOME

	2012	2011
	Consolidated	Consolidated
	\$	\$
Orchestral hire income	1,066,720	1,656,869
Interest	1,351,232	1,357,919
Other income	584,093	522,732
	<hr/>	<hr/>
Total other income	3,002,045	3,537,520
	<hr/> <hr/>	<hr/> <hr/>

8. EXPENSES

	2012	2011
	Consolidated	Consolidated
	\$	\$
Depreciation of fixed assets	274,165	262,525
Amortisation of intangible assets	104,474	75,485
	378,639	338,010
Operating lease rental expense	413,965	380,869
Employee expenses:		
Salaries and wages	16,691,372	15,820,016
Superannuation	2,354,845	2,391,761
Other employee expenses	1,917,929	1,913,505
Total employee expenses	20,964,146	20,125,282

9. INCOME TAX

	2012	2011
	Consolidated	Consolidated
	\$	\$
Accounting profit (loss)	425,613	1,522,396
At Group's statutory tax rate (30%)	127,684	456,719
Less non taxable items	(127,684)	(456,719)
Income tax expense	-	-

The company's subsidiary Sydney Symphony Orchestra Holdings Pty Limited, is exempt from income tax, capital gains tax and payroll tax by virtue of being a cultural organisation established for the encouragement of music and a charitable institution.

10. OTHER FINANCIAL ASSETS

	2012	2011
	Consolidated	Consolidated
	\$	\$
Current asset		
Employee instrument loans	81,145	93,190
Non-current asset		
Employee instrument loans	494,857	361,415
Total other financial assets	576,002	454,605

11. TRADE AND OTHER RECEIVABLES

	2012	2011
	Consolidated \$	Consolidated \$
Current		
Trade debtors	729,502	904,325
Other receivables	114,714	106,100
Accrued income	532,664	552,001
	1,376,880	1,562,426
Total trade and other receivables	1,376,880	1,562,426

12. PROPERTY, PLANT AND EQUIPMENT – Consolidated

	Plant and equipment	Fixtures and fittings	Musical instruments acquired through the Instrument Reserve	Musical instruments acquired	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
Year ended 31 December 2012						
At 1 January 2012, net of accumulated depreciation and impairment	182,351	709,493	787,774	267,756	160,984	2,108,358
Additions	4,214	15,701	650,313	23,991	62,758	756,977
Depreciation charge for the year	(26,319)	(126,792)	-	(41,915)	(79,139)	(274,165)
	160,246	598,402	1,438,087	249,832	144,603	2,591,170
As at 31 December 2012, net of accumulated depreciation and impairment						
At 31 December 2012						
Cost or fair value	400,999	851,233	1,438,087	971,900	1,049,918	4,712,137
Accumulated depreciation	(240,753)	(252,831)	-	(722,068)	(905,315)	(2,120,967)
Net carrying amount	160,246	598,402	1,438,087	249,832	144,603	2,591,170
	\$	\$	\$	\$	\$	\$
At 31 December 2011						
Cost or fair value	396,785	835,532	787,774	947,909	987,160	3,955,160
Accumulated depreciation	(214,434)	(126,039)	-	(680,153)	(826,176)	(1,846,802)
Net carrying amount	182,351	709,493	787,774	267,756	160,984	2,108,358

13. INTANGIBLE ASSETS - Consolidated

	Consolidated 2012 \$	Consolidated 2011 \$
At 1 January, net of accumulated amortisation and impairment	57,669	128,304
Additions	314,529	4,850
Amortisation charge for the year	(104,475)	(75,485)
As at 31 December, net of accumulated amortisation and impairment	267,723	57,669
At 31 December		
Cost or fair value	702,364	387,835
Less written-off as fully depreciated	(387,835)	-
Cost or fair value carried forward	314,529	387,385
Accumulated amortisation	(434,641)	(330,166)
Less written-off as fully depreciated	387,835	-
Accumulated amortisation carried forward	(46,806)	(330,166)
Net carrying amount	267,723	57,669

14. TRADE AND OTHER PAYABLES

	2012 Consolidated \$	2011 Consolidated \$
Accruals	1,265,331	1,765,070
Trade creditors	958,266	937,098
Other payables	42,010	45,352
Total trade and other payables	2,265,607	2,747,520

The fair value of financial liabilities is equivalent to the carrying amount at balance date as disclosed in the balance sheet and related notes. This is because either the carrying amounts approximate to their fair value or because of their short term to maturity.

15. PREPAID REVENUE

	2012 Consolidated \$	2011 Consolidated \$
Prepaid ticket sales	7,809,412	7,689,853
Prepaid other	15,732	132,856
Total prepaid revenue	7,825,144	7,822,709

16. PROVISIONS

	2012	2011
	Consolidated	Consolidated
	\$	\$
Current provision for employee benefits	4,065,610	3,958,976
Non-current provision for employee benefits	607,326	527,535
Make good provision	150,000	148,868
Total Non-current provisions	757,326	676,403
Total provisions	4,822,936	4,635,379

17. SYMPHONY RESERVE

	2012	2011
	\$	\$
Accumulated funds at 1 January	1,943,743	1,892,042
Transfer from retained earnings in relation to: Current year bequests	-	51,701
Accumulated funds at 31 December	1,943,743	1,943,743

The Symphony Reserve was established under protocols agreed by the Board to raise and accumulate capital to support the aims of the company and its long-term financial security.

18. INTERNATIONAL TOURING RESERVE

	2012	2011
	\$	\$
Accumulated funds at 1 January	958,911	896,658
Transfer (to)/from retained earnings in relation to: Net surplus/(deficit) from touring	(297,731)	62,253
Accumulated funds at 31 December	661,180	958,911

19. INSTRUMENT RESERVE

	2012	2011
	\$	\$
Accumulated funds at 1 January	666,270	131,286
Transfer from retained earnings for interest earned	32,035	34,984
Transfer from retained earnings in relation to: Instrument Reserve donation	63,905	500,000
Transfer to retained earnings for instruments acquired	(650,313)	-
Accumulated funds at 31 December	111,897	666,270

The assets purchased using the Instrument Reserve are included in the Property Plant and Equipment - Musical Instruments. There were no purchases in 2011.

20. MAESTRO'S CIRCLE RESERVE

	2012	2011
	\$	\$
Accumulated funds at 1 January	457,032	455,488
Transfer from retained earnings in relation to: Maestro's Circle donations	-	256,000
Transfer to retained earnings in relation to: Maestro's Circle expenses	(457,032)	(254,456)
	-	457,032
Accumulated funds at 31 December	-	457,032

The Maestro's Circle Reserve was created in 2009 to assist with the costs associated with special activities planned by the incoming Principal Conductor and Artistic Advisor, Mr Vladimir Ashkenazy. The Maestro's Circle expenses reflect the net expenditure associated with gala concert activities, other recordings and new music compositions during the course of Mr Ashkenazy's tenure with the orchestra in the period 2009 to 2012.

21. DIRECTORS AND EXECUTIVE DISCLOSURES

a) Details of key management personnel

The names of each person holding the position of Director or Executive Director of the Company during the financial period are listed on page 2 in the Directors' Report.

Unless otherwise stated in the Directors' Report, the Directors have been in office for the financial period.

b) Compensation of key management personnel

	2012	2011
	Consolidated	Consolidated
	\$	\$
Total Compensation	596,016	447,492

Payments were made to directors for their services as employees of the company and not for their services as Directors of the Group for which no fee is paid. Non-executive Directors are not paid any fees for their services as Directors of the Group.

22. RELATED PARTIES

a) Directors

Transactions with Directors

Mr. Ewen Crouch AM, a director of the Group, was a partner with Allens during the year. During the year, this firm provided pro-bono professional services to the Group.

Transactions between the Group and entities in which Directors have declared an interest, are transacted under normal terms and conditions. There were no contracts involving Directors' interests subsisting at period end excepting sponsorship agreements under normal terms and conditions of business. Sponsorship from director-related entities is on terms and conditions no more favourable than those offered to other sponsors.

23. COMMITMENTS AND CONTINGENCIES

a) Operating lease (non cancellable)

	2012	2011
	Consolidated	Consolidated
	\$	\$
Not later than one year	439,039	440,242
Later than one year and not later than five years	1,721,273	1,757,358
Later than five years	-	402,953
	2,160,312	2,600,553

The Group has operating leases for office accommodation.

b) Artist fees contracted for but not provided for and not payable

	2012	2011
	Consolidated	Consolidated
	\$	\$
Not later than one year	1,077,758	1,011,258
Later than one year and not later than five years	-	242,032
	1,077,758	1,253,290

The Group has entered into contracts for performances scheduled to take place during 2013. These amounts include the expenditure required to satisfy the contracts with the artists.

c) Guarantees

The Group has issued bank guarantees in support of;

- i. the operating lease over premises at 35 Harrington Street, The Rocks, NSW for the amount of \$225,000 expiring on 31 December 2017 (2011: \$225,000).
- ii. credit collateral on advertising contracts for \$200,000, (2011: \$200,000).

No liability is expected to arise from these guarantees.

24. FINANCIAL INSTRUMENTS

a) Fair value

The Group has used the Level 2 method in estimating the fair value of its financial instruments.

The fair value of financial instruments is derived using valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation. The fair value of financial instruments and the methods used to estimate the fair value are summarised in point (e) below.

24. FINANCIAL INSTRUMENTS (continued)

b) Credit risk exposure

The Group's maximum exposure to credit risk at the balance sheet date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet and related notes.

c) Liquidity statement

Short term deposits consist of a number of term deposits held with different maturity dates less than one year. These funds are available at call should they be required, subject to minor early withdrawal penalties.

d) Sensitivity analysis

A Sensitivity Analysis of the effect of interest rate and foreign currency movements on assets and liabilities was not undertaken as the prospective impacts were not considered material at balance date.

e) Derivative financial instruments

Valuation Technique Market Observable Inputs (Level 2)	2012 Consolidated \$	2011 Consolidated \$
Current Liabilities		
Forward currency contracts –cash flow hedges	(19,848)	(48,441)
Non-current liabilities		
Forward currency contracts –cash flow hedges	-	(11,413)
	<u>(19,848)</u>	<u>(59,854)</u>

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign currency rates.

(i) Forward currency contracts – cash flow hedges

The Group purchases the services of artists under contracts denominated in foreign currencies. In order to protect against exchange rate movements and to provide certainty against future cash flows, the Group has entered into forward currency contracts to purchase Swiss francs. The cash flows are expected to occur between one and twelve months from 1 January 2013 and total A\$19,848, (2011 A\$59,854) with average exchange rates of CHF 0.9051, (2011 CHF 0.8590).

The forward currency contracts are considered to be highly effective hedges as they are matched against forecast purchases and any gain or loss on the contracts attributable to the hedged risk is taken directly to equity. When the service is delivered, the amount recognised in equity is adjusted to artist's fees and expenses in the Income Statement.

(ii) Movement in forward currency contract cash flow hedge reserve

	2012 Consolidated \$	2011 Consolidated \$
Opening balance	(59,854)	(73,196)
Taken to other comprehensive income	40,006	13,342
Closing balance	<u>(19,848)</u>	<u>(59,854)</u>

The fair value of the derivative financial instruments is calculated using quoted prices in active markets.

25. INDEMNIFICATION AND INSURANCE OF OFFICERS

Insurance and indemnity arrangements established in previous years concerning officers of the Group were renewed and continued during 2012. Sydney Symphony Orchestra Holdings Pty Limited paid the premium on a contract insuring each of the Directors of the Group, named earlier in this report, and each of the full-time executive officers of the consolidated entity, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

26. INFORMATION RELATING TO SYDNEY SYMPHONY LIMITED (“the Parent Entity”)

	2012	2011
	\$	\$
Current assets	-	-
Non-current assets	8,578,559	8,578,559
Total assets	8,578,559	8,578,559
Current liabilities		
Total liabilities	330	330
Net assets	8,578,229	8,578,229
Equity		
Retained earnings	8,578,229	8,578,229
Total equity	8,578,229	8,578,229
Profit or loss of Parent Entity	-	-
Total comprehensive income of parent company	-	-

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Sydney Symphony Limited, we state that:

(a) the consolidated financial statements and notes of Sydney Symphony Limited and its controlled entity for the financial year ended 31 December 2012, set out on pages 11 to 30, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of their financial position as at 31 December 2012 and performance

(ii) complying with Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors



John Conde AO
Chairman

Sydney, dated 28th March 2013



Ewen Crouch AM
Director

Sydney, dated 28th March 2013

Independent auditor's report to the members of Sydney Symphony Limited

Report on the financial report

We have audited the accompanying financial report of Sydney Symphony Limited, which comprises the consolidated balance sheet as at 31 December 2012, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company Sydney Symphony Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

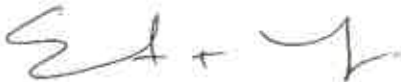
Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Opinion

In our opinion the financial report of Sydney Symphony Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the financial position of the consolidated entity at 31 December 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



Ernst & Young



Lisa Nijssen-Smith
Partner
Sydney
28 March 2013